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**SUDBURY
CONTACT
MINES,**
L I M I T E D

**ANNUAL
REPORT**



F O R T H E Y E A R E N D E D D E C E M B E R 3 1 S T

1972



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SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

Executive and Head Office	Suite 300, 365 Bay Street Toronto, Ontario
Directors	ARCHIE BASEN ALLEN BINSTOCK MAURY DRUTZ MILTON KLYMAN PAUL PENNA ERNEST SHERIFF
Officers	PAUL PENNA, <i>President</i> MIKEY DRUTZ, <i>Secretary-Treasurer</i>
Consulting Geologist	W. A. HUBACHECK, B.Sc., P.Eng.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario
Shares Listed	Toronto Stock Exchange Toronto, Canada
Annual Meeting	June 28, 1973, 11:00 a.m. (Toronto Time), The Library, Royal York Hotel, 100 Front Street West, Toronto, Ontario

SUDBURY CONTACT MINES, LIMITED

Directors' Report to the Shareholders

The Directors present the audited financial statements of the Company for the year ended December 31, 1972 and also a general review of activities during the year and the subsequent period to date.

Principal exploration during 1972 was a continuation of the reconnaissance geochemical survey in the Maniwaki area of Northwestern Quebec that started in 1971. This work is being concentrated on a favourable crystalline limestone belt that is considered to be conducive to lead and zinc deposits. Results have been inconclusive to date but further work is planned for this area as a large portion of the limestone belt remains to be investigated.

In addition, numerous showings were investigated in the vicinity of Birch Lake about 70 miles east of Red Lake, Ontario. At the end of the field season, all activities were curtailed in this area.

Status of the Company's 35-claim copper prospect in the Blind River-Iron Bridge Area of Montgomery Township, Ontario, remains unchanged from that described in the 1971 Annual Report. At the conclusion of the 1971 field season during which follow-up diamond drilling was carried out in the east "Adit Area" and indicated two possible ore shoots containing 83,000 tons grading 2.10% copper to a depth of 200 feet, the Company's consultant noted that diamond drilling had indicated probable and possible ore shoots estimated to contain a total of 184,500 tons averaging 2.27% copper.

The east "Adit Area" shoots are both open at depth and would warrant a high priority for further testing. Shoots on both the east and west ends of the "East Zone" are also open at depth and considerable distances along the main north vein system remain to be tested.

In view of the higher prices for copper now prevailing, consideration may be given to further work during the current year.

Cabonga Area Project — Quebec

Following the release of government geochemical data, two groups comprising 95 claims were staked in early 1973 covering the most interesting geological and geochemical indications. This data indicates possibilities of copper, nickel, and zinc deposits in the area. The claims are located about 100 miles east of Val d'Or.

A detailed soil sampling survey is planned for these claims to check out the stream sediment anomalies. Further work will depend on the results of this survey. Field crews and equipment are being mobilized and the work program is scheduled to begin immediately.

Hebecourt Property — Noranda Area, Quebec

Following the Iso Mines-Copperfields Mining Corp. copper-zinc discovery in Hebecourt Township during late October, 1972, your Company optioned its 1,750 acre claim group to Falconbridge Nickel Mines Limited. The terms of the option, which is renewable yearly until 1975, provide for certain annual expenditures for exploration and other related work, on the completion of which Falconbridge will have earned a 67% interest with your Company retaining a 33% interest.

Your Company has been advised that line-cutting at 400-foot centres has been completed over the claims and a horizontal EM loop survey has just been finished. The results of this survey have not been evaluated, but the Company has been notified that Falconbridge plans to continue the exploration program.

The 1,750 acre claim group optioned to Falconbridge is part of a larger block of claims originally held by the Company in Hebecourt and adjoining Montbray Townships on which the Company initiated exploration early in 1971. As noted in last year's Annual Report, an airborne EM survey was carried out over an approximate 40 square mile area resulting in the locating of three conductors situated outside the central block. These conductors were, as reported, drilled without success.

As a result, certain of the claims were dropped, retaining the 1,750 acre block to cover the favourable rhyolite band which strikes approximately southwest by northeast across the claim group and in the vicinity of which the encouraging zinc mineralization was encountered in the limited 1971 drilling.

Duparquet Township — Noranda Area, Quebec

Following the publication during July of 1972 of the Quebec government airborne geophysical EM input survey map, your Company staked a 10-claim property which covered a strong east-west trending Input anomaly underlying the

northeast arm of Duparquet Lake. During the winter of 1972-73 a Turam deep penetration EM survey was completed over the claim group on Duparquet Lake which revealed two strong parallel east-west striking anomalies in a favourable geological environment.

The anomalies were drill tested and found to be caused by graphite with no associated sulphide mineralization. These claims will be allowed to lapse.

General

Marketable securities which are shown on the balance sheet at a cost of \$50,056 include 207,310 shares of Mentor Exploration and Development Co., Limited, an associated company.

On behalf of the Board of Directors,

“PAUL PENNA”,
President

June 1, 1973.

BALANCE SHEET *as at December 31, 1972*

(With comparative figures for 1971)

ASSETS

CURRENT ASSETS

Cash
Marketable securities, at lower of cost or market (market value 1972 — \$174,155; 1971 — \$151,724)
Prepaid expenses

FIXED ASSETS, at cost

Equipment (Note 1)
Office furniture
Automotive equipment

Less: Accumulated depreciation

Mining claims and properties

OTHER ASSETS

Investment in other companies, at cost
 — shares
 — advances
Deferred exploration expenditures (Note 2)
Unlisted securities, at nominal value

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank indebtedness
Accounts payable and accrued charges
Loan payable

DUE TO AFFILIATED COMPANY

SHAREHOLDERS' EQUITY

Capital
Authorized — 6,000,000 shares without par value
Issued and Fully Paid — 5,336,250 shares

DEFICIT

The accompanying notes form an integral part of these financial statements.

To be read in conjunction with the Auditors' Report to the Shareholders attached hereto dated March 30, 19

SUDBURY CONTACT MINES, LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

1972	1971
\$ 220	\$ —
50,056	78,663
55	88
50,331	78,751
21,269	21,269
1,753	1,753
5,184	5,184
28,206	28,206
20,400	18,847
7,806	9,359
9,300	9,300
17,106	18,659
9,610	9,610
2,500	2,500
261,153	238,717
1	1
273,264	250,828
\$ 340,701	\$ 348,238

\$ 20,000	\$ 8,042
7,167	15,916
7,643	—
34,810	23,958
14,500	—
49,310	23,958

2,040,500	2,040,500
1,749,109	1,716,220
291,391	324,280
\$ 340,701	\$ 348,238

We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1972 and the statements of administrative expenses and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants

Toronto, Ontario
March 30, 1973

Approved on behalf of the Board of Directors:

P. PENNA, Director.

A. BASEN, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES AND DEFICIT

For the year ended December 31, 1972

(With comparative figures for 1971)

EXPENSES	1972	1971
Administration, office and accounting	\$ 9,600	\$ 9,600
Shareholders' information	5,584	5,710
Legal and audit	5,764	5,649
Transfer agent fees	1,651	3,057
Depreciation — automotive equipment	1,378	1,378
— furniture and fixtures	175	175
Licences and taxes	462	1,238
Directors' fees	150	950
Interest and bank charges	956	437
Miscellaneous	1,417	1,783
	<u>27,137</u>	<u>29,977</u>
Less: Gain on disposal of marketable securities	447	63,900
TOTAL ADMINISTRATIVE EXPENSES FOR THE YEAR	26,690	(33,923)
DEFICIT — beginning of year	1,716,220	594,320
	<u>1,742,910</u>	<u>560,397</u>
Add: Claims, options on claims and deferred expenditures thereon written off	6,199	1,155,823
DEFICIT — end of year	<u>\$1,749,109</u>	<u>\$1,716,220</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the year ended December 31, 1972

(With comparative figures for 1971)

EXPENDITURES DURING YEAR	1972	1971
Hebecourt Township		
Consulting and engineering fees	\$ 13,461	\$ 20,510
Assaying	2,743	2,804
Wages	2,437	5,337
General expenses	1,762	805
Staking	1,043	1,546
Licences and taxes	600	180
Diamond drilling	—	26,954
Surveys	—	10,886
Line-cutting	—	3,591
	<u>22,046</u>	<u>72,613</u>
Montgomery Township		
Licences and taxes	341	361
Diamond drilling	—	27,648
Wages	—	339
Maps	—	330
Assaying	—	185
Transportation	—	144
	<u>341</u>	<u>29,007</u>
Red Lake Mining Division		
Prospecting	3,840	4,490
General camp expenses	893	1,252
Consulting and engineering fees	759	7,475
Travel	571	2,790
Assaying	136	2,224
Diamond drilling	—	17,870
	<u>6,199</u>	<u>36,101</u>
Other Properties		
Licences, fees and taxes	49	(19)
	<u>28,635</u>	<u>137,702</u>
DEFERRED EXPLORATION EXPENDITURES — beginning of year	238,717	248,161
	<u>267,352</u>	<u>385,863</u>
Less: Expenditures written off		
— Red Lake Mining Division	(6,199)	(79,966)
— Fairbanks Township	—	(67,180)
DEFERRED EXPLORATION EXPENDITURES — end of year	<u>\$ 261,153</u>	<u>\$ 238,717</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

As at December 31, 1972
(With comparative figures for 1971)

	1972	1971
Montgomery Township	\$ 166,078	\$ 165,737
Hebecourt Township	94,659	72,613
Thunder Bay	416	367
	<u>\$ 261,153</u>	<u>\$ 238,717</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1972
(With comparative figures for 1971)

SOURCE OF FUNDS	1972	1971
Advances from affiliated company	\$ 14,500	\$ —
Sale of capital stock	—	105,000
	<u>14,500</u>	<u>105,000</u>
APPLICATION OF FUNDS		
Administrative expenses	26,690	(33,923)
Less: Depreciation	1,553	1,553
	<u>25,137</u>	<u>(35,476)</u>
Exploration expenditures	28,635	137,702
Acquisition of fixed assets	—	5,184
Acquisition of mining claims	—	4,000
	<u>53,772</u>	<u>111,410</u>
DECREASE IN WORKING CAPITAL	39,272	6,410
WORKING CAPITAL — beginning of year	54,793	61,203
WORKING CAPITAL — end of year	<u>\$ 15,521</u>	<u>\$ 54,793</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1972

1. The company's equipment is in storage and no depreciation has been provided for during the year.
2. The amounts shown for deferred exploration expenditures represent costs to date less amounts written off and are not intended to reflect present or future values.

